

**CANDELP**

COMMERCIAL & ENERGY LAW PRACTICE

# CLIENT **SPECIAL UPDATE** BULLETIN

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ENERGY • PROJECTS • REGULATIONS • DISPUTES

# INTRODUCTION



This Client Bulletin is aimed at providing you with strategic insights and actionable intelligence on the Presidential Executive Order to Safeguard Federation Oil and Gas Revenues and Provide Regulatory Clarity, 2026 published by Official Gazette on 13th February 2026 (Executive Order No 9 2026). The Executive Order seeks to, among other things, rectify the erstwhile fiscal architecture under the Petroleum Industry Act (PIA) 2021 that enabled revenues accruing to Federation being diverted from the Federation Account. The Order also seeks to provide regulatory clarity on the responsibilities of the Nigerian Upstream Petroleum Regulatory Commission (the Commission/NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (the Authority/NMDPRA) as it relates to integrated petroleum operations.

## THIS BULLETIN ADDRESSES THE FOLLOWING:

- Highlights of the Executive Order No 9 2026
- Legality of the Executive Order No 9 2026
- Practical Steps for Operators
- Legal Risks
- CANDELP View

## AUTHORS



### Israel Aye

Senior Partner

Energy and Infrastructure Practice  
Policy, Development and Implementation,  
Commercial and Transactions Advisory.

Energy and commercial transactions  
lawyer with upstream–midstream–  
downstream experience.

Formerly Senior Partner (Commercial &  
Energy) at PAL; prior in-house experience  
at Shell. IBA member; accredited mediator  
(CEDR, UK) and CIArb (Nigeria).

**Contact:** [israel@candelp.com](mailto:israel@candelp.com)

**LinkedIn:** [Israel Aye](#)



### Daniel Akinyami

Associate

Corporate/commercial and energy-  
focused lawyer with strong research and  
drafting capability.

Supports regulatory, contracting and  
compliance workstreams, translating  
complex issues into practical guidance.

Energy and Infrastructure Practice  
Corporate and Commercial Practice

**Contact:** [daniel@candelp.com](mailto:daniel@candelp.com)

**LinkedIn:** [Daniel Akinyami](#)

# EXECUTIVE ORDER NO. 9 (2026): DIRECT REMITTANCE OF PETROLEUM REVENUES

What changed, what it means under the Constitution, and what operators should do now

In one sentence: Executive Order No. 9 (2026) seeks to restore a direct remittance model for petroleum receipts—routing revenues to the Federation Account with fewer intermediary retentions—while also tightening regulatory coordination for integrated operations.

## EXECUTIVE SUMMARY

- **Core change:** Petroleum receipts due to Government are to be remitted directly to the Federation Account, reducing scope for intermediary deductions/retentions.
- **Key tension:** An Executive Order can drive implementation within the Executive branch, but cannot amend the Petroleum Industry Act (PIA)—durability will likely require conforming amendments/regulations.
- **Operational impact:** Operators should expect updated remittance instructions, enhanced reconciliation requirements, and transition risk where PSC/JV payment mechanics and marketing/lifting arrangements are implicated.
- **Immediate action:** Strengthen payment evidence, reconcile remittance points, and obtain written implementation guidance to avoid duplicated payments or compliance gaps.

## EO 9 (2026) AT A GLANCE

**Before:** Multiple layers of deductions/retentions and reconciliation disputes; regulatory overlaps for integrated operations.

**After (intended):** Direct remittance into the Federation Account; simplified flow logic; clearer regulator interface for integrated projects.

What to watch next:

- 1) Implementation circulars and regulator guidance;
- 2) FAAC/CBN operational protocols;
- 3) Proposed PIA amendments and litigation signals.

## 1. HIGHLIGHTS OF THE EXECUTIVE ORDER

- 1. Direct remittance model:** The Executive Order directs that revenues due to the Federation from petroleum operations be paid into the Federation Account, with the aim of reducing intermediary retention layers and improving transparency.
- 2. Treatment of deductions/retentions (interim posture):** The Order's policy intent is positioned as a corrective measure to strengthen Federation receipts and reduce controversial deductions/withholdings pending legislative clean-up where required.
- 3. Gas flare penalty proceeds and fund routing:** The Order also addresses the destination and handling of certain penalty proceeds—aimed at tightening revenue discipline and improving traceability into the Federation Account.
- 4. Regulatory coordination for “integrated operations”:** The Order mandates closer coordination between regulators for facilities and projects that span upstream and midstream/downstream regimes—intended to reduce duplication, delays, and inconsistent signals.

## 2. LEGALITY: EXECUTIVE ORDER VS THE CONSTITUTION (FEDERATION ACCOUNT FOCUS)

### The constitutional anchor

The Constitution requires that revenues collected by the Government of the Federation be paid into the Federation Account (subject to limited exceptions). This gives EO 9 a strong “constitutional compliance” narrative where oil and gas receipts are concerned.

### The statutory hierarchy issue (where legal risk sits)

However, an Executive Order generally cannot override or amend provisions of an Act of the National Assembly (here, the PIA).

### Practical consequence:

- EO 9 may be enforceable as an executive implementation direction,
- but lasting certainty likely requires PIA amendments and/or conforming regulations, especially where private rights, contracts, and fiscal allocation mechanisms are implicated.

**Risk markers:** statutory conflict claims; contract interference arguments; appropriation/fund-spending challenges; regulator competence disputes.

### 3. WHAT HAS CHANGED IN THE PIA (IN PRACTICE) — AND WHAT HAS NOT

#### What changed (practically)

- **Cashflow routing logic:** push toward direct Federation Account remittance and tighter reconciliation.
- **Implementation stance on certain deductions/retentions:** a shift in the Executive's approach to how receipts should be handled pending legislative changes.

#### What has not changed (legally)

- The PIA text remains in force unless amended.
- Unless and until the PIA is amended (or courts resolve conflicts), a degree of legal uncertainty may remain in any area where the EO and PIA point in different directions.

### 4. POTENTIAL IMPACT ON OPERATORS

#### Compliance & payment mechanics

- Expect updated remittance instructions, reporting formats, and reconciliation protocols.
- Audit trail requirements will rise: payment evidence, acknowledgements, and monthly reconciliations will matter more.

#### PSC/JV operational implications

- Where existing frameworks route lifting/sales via specific structures, "direct remittance" can create transitional complexity (who receives sale proceeds; timing; evidence; reconciliation).

#### Commercial impacts

- Reduced retention layers may improve clarity of net flows, but transition implementation may temporarily increase friction—especially in multi-party arrangements.

### 5. WHAT OPERATORS SHOULD DO NOW (CANDELP CHECKLIST)

#### Immediate (0–30 days)

1. Map all remittance points (royalties, taxes, profit oil/gas, flare penalties, levies).
2. Update internal controls for payment evidence and sign-offs.
3. Request written implementation guidance from relevant authorities/regulators.
4. Run a contract scan for PSC/JV remittance and lifting/sale mechanics.
5. Prepare a "transition reconciliation pack" for monthly close.

#### Near term (30–90 days)

1. Update compliance SOPs and treasury workflows.
2. Build a dispute-prevention trail: notices, confirmations, reconciliations.
3. Monitor proposed PIA amendments and regulator circulars.
4. Revisit budgeting/cashflow assumptions under the new routing.
5. Align internal stakeholder comms (Legal–Finance–Operations).

## CANDELP View

EO 9 signals a decisive move toward revenue discipline and constitutional compliance in petroleum receipts. However, long-term certainty will likely depend on conforming legislative/regulatory alignment. Operators should treat this as an immediate operational change, while managing statutory hierarchy and transition risks through careful documentation and proactive regulator engagement.

**Website**

[www.candelp.com](http://www.candelp.com)

**Email**

[info@candelp.com](mailto:info@candelp.com)

**Phone Number**

+234 814 9000 999

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